



GAS TAX RATE NOTICE

TO: North Dakota Gas Producers and Purchasers
FROM: Office of State Tax Commissioner
SUBJECT: Notification of Gas Tax Rate for Fiscal Year 2016
DATE: June 1, 2015

In keeping with the provisions of North Dakota Century Code § 57-51-02.2, the Tax Commissioner has determined that the gas tax rate for the fiscal year beginning July 1, 2015, through June 30, 2016, is \$.0.1106 per mcf. The gross production tax on gas produced during this time period must be calculated by taking the taxable production in mcf times the \$.1106 tax rate.

For your information, the gas tax rate for fiscal year 2016 was determined by the following steps:

STEP 1 - The annual average of the gas fuels producer price index, commodity code 05-3, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for calendar year 2014 was computed from the data shown below.

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|-----------------------|--------------|
| January | 219.0 |
| February | 267.6 |
| March | 237.2 |
| April | 223.1 |
| May | 221.8 |
| June | 215.9 |
| July | 207.9 |
| August | 188.7 |
| September | 191.8 |
| October | 184.4 |
| November | 175.9 |
| December | <u>178.3</u> |
| Annual Average | 209.3 |

STEP 2 - A gas base rate adjustment of 2.7649 was computed by dividing the annual average price index by the denominator specified in the statute, i.e., 209.3 divided by 75.7.

STEP 3 - The gas tax rate of \$.1106 was computed by multiplying \$.04 times the gas base rate adjustment of 2.7649, with the resultant rounded to four places after the decimal.

The gas tax rate is also published on the Office of State Tax Commissioner's website located at: www.nd.gov/tax. If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-3657 or by email at oiltax@nd.gov.